

*Office of Government Contracting
and Business Development*



8(a) Business Development, FY 2000 Program Profile, Participation...

- Fiscal year 2000 marked the 32nd year of the SBA's 8(a) Business Development Program.
- During the year, a total of 6,383 businesses participated in the 8(a) program.
- Program participants made significant contributions to the Federal, state and local tax base and created an estimated 140,659 jobs to the nation's economy.
- Between October 1, 1999, and September 30, 2000, a total of 917 new firms were certified to participate in the program.



8(a) Business Development, FY 2000 Program Profile, Contract Activity...

- During fiscal year 2000, \$5.6 billion in new contract awards and modifications were awarded under the 8(a) program to active 8(a) program participants and 8(a) program graduates, of which, \$3.8 billion of new contracts and modifications were awarded to active 8(a) program participants.



Business Development, Management

- ***Challenge:*** More participating companies need access to business development and contracts in the 8(a) Business Development program.
- ***Goals:***
 - Refocus the 8(a) BD program to emphasize business development, develop criteria defining "business success," and graduate participants once they reach those levels.
 - Develop a mechanism that ensures contracting opportunities are more equitably distributed to 8(a) BD program participants.



Business Development, Management

- ***Actions Taken or Planned:***
 - SBA plans to **refocus** the role of the District Office staff from one of policing to a role of **proactively** informing small businesses about:
 - The Federal procurement process
 - Federal and non-Federal contracting opportunities
 - Best practices in procurement planning
 - Reduce cumbersome regulations and administration and streamline 8(a) processes.
 - SBA is sending out a new 8(a) BD SOP to the field during calendar year 2001.



Government Contracting, Trends...

- Small business share has remained stable
 - Averaging 21-23 % for past 10 years
- New opportunities have sharply declined
 - From 84,596 New Definitive Contracts (FY 90)
 - To 41,075 (FY 99)
 - 50% fewer new opportunities
 - 40% increase in average new contract size (dollar value)



Government Contracting, Trends...

- Fewer purchases of Supplies and Equipment
 - From 56% of market in 1985, to 35% in 1999
- Increased purchases from Service Industries
 - From 23% of market in 1985, to 43\$ in 1999
- Greater emphasis on Information Technology
 - Very large contracts, continuing to increase in size



Government Contracting, Trends...

- Smaller Market
 - Federal purchases are 2/3 of the 1985 volume
- Use of Credit Cards
 - 10 fold increase from 1995
 - \$12 billion, annually, and growing about \$2 billion per year
- Use of Federal Supply Schedules
- Consolidated Requirements



Government Contracting, Trends...

- Acquisition Reform
 - Fewer acquisition personnel
 - New acquisition vehicles
- Deficit Reduction
 - Less spending, especially DOD
- New Technologies in Acquisition
 - Internet
 - E-commerce

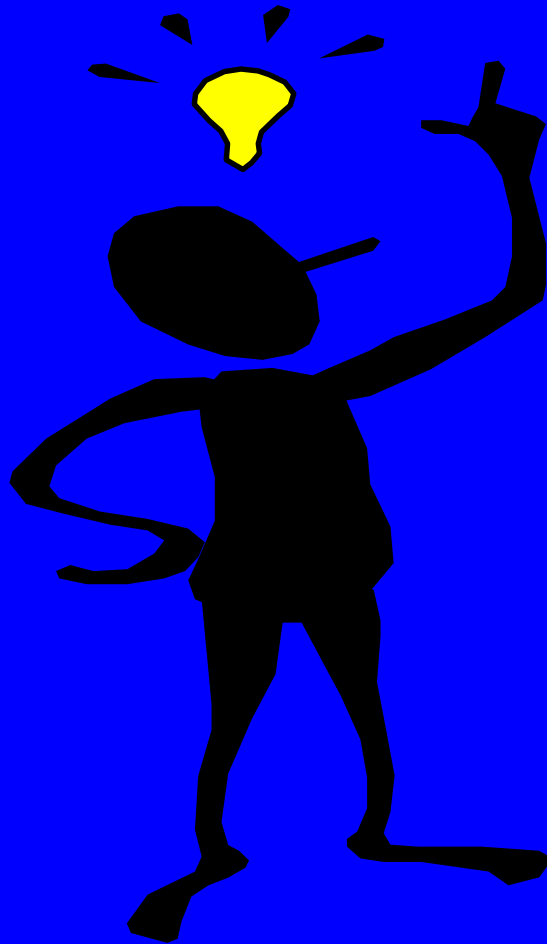


Government Contracting, Trends...

- Contract Bundling
 - Pressure for larger contracts
 - New regulations implemented July 26, 2000
 - Consolidations must have “measurably substantial benefits”
- New Acquisition Strategies & Practices
 - GWACs
 - IDIQs
 - GSA Schedules



Great...so what's the point!!!



Initiatives

Refocus district office personnel

**Proactively assist firms marketing
federal/non-federal sector**

**Expand Marketing strategy to include
more 8(a) firms in the multiple
preference award / Full & Open arena**

Mentor/Protégé & Joint Ventures

- In response to fierce competition
- To enter a new market
- Contracts that require integration of different skills
- For mitigating financial risk

Pros

- Obtain complementary capabilities
- Gaining competitive advantage
- Sharing financial risk
- Developmental risk avoidance

Cons

- Increased legal obligations
- Reliance on another's capability
- Calculating/sharing wealth
- Obtaining certain legal rights

Although in essence it becomes a marriage of convenience not unlike the real world it must be based on mutual trust.

8(a) MENTOR PROTÉGÉ

- ENHANCES THE CAPABILITIES OF THE 8(a) PARTICIPANTS
- IMPROVE THEIR ABILITY TO SUCCESSFULLY COMPETE FOR FEDERAL CONTRACTS

MENTORS MAY PROVIDE

- TECHNICAL AND MANAGEMENT ASSISTANCE
- FINANCIAL ASSISTANCE (EQUITY INVESTMENTS OR LOANS)
- SUB-CONTRACTUAL SUPPORT AND ASSISTANCE
- JOINT VENTURE ARRANGEMENTS

MENTOR BENEFITS

- OWN UP TO 40% INTEREST IN FIRM
- CAN JOINT VENTURE AND NOT BE AFFILIATED (FOR 8(a) AND OTHER SMALL BUSINESS CONTRACTS)

PROTÉGÉ CRITERIA

- 8(a) FIRM
 - DEVELOPMENTAL STAGE
 - TRANSITION STAGE IF...
 - NEVER RECEIVED A CONTRACT
 - LESS THAN ONE HALF SIZE
STANDARD FOR SIC

Joint Ventures

An 8(a) participant may enter into a joint venture agreement with one or more small business concerns, whether or not 8(a)

Joint Ventures

The joint venture agreement is permissible only where an 8(a) concern lacks the necessary capacity to perform the contract on its own.

Size of Joint Venture

A JV of at least one 8(a) participant and one or more other small business concerns may submit an offer as a small business, however each concern is small under the sic code assigned.

